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U.S. DISTRICT COURT E.D.N.Y.

★ JAN 28 2020 ★

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

BROOKLYN OFFICE

UNITED STATES OF AMERICA,
Plaintiff,

v.

NICHOLAS PALUMBO, NATASHA
PALUMBO, ECOMMERCE NATIONAL, LLC
d/b/a Tollfreedeals.com, and SIP RETAIL d/b/a
sipretail.com,

Defendants.

CV 20 - 473

Civil Action No.

KORMAN, J.

MANN. M.J.

DECLARATION OF SAMUEL BRACKEN

I, Samuel Bracken, have personal knowledge of the facts set forth below, and if called as a witness I would testify as follows:

1. I have been a Postal Inspector with the United States Postal Inspection Service ("USPIS") since February 2004. I am currently assigned to the Elder Fraud Task Force at the Department of Justice, Consumer Protection Branch. I am assigned to investigate violations of federal law, including mail fraud and wire fraud, in violation of Title 18, United States Code, Sections 1341 and 1343, respectively. I have received training in investigating elder fraud, social security fraud, IRS fraud, identity theft, credit card fraud, counterfeit check fraud, counterfeit identification card fraud, mail, and wire fraud offenses, including attending seminars and conferences hosted by the Inspection Service, the United States Department of Justice, the International Association of Financial Crimes Investigators, and various other law enforcement entities. During my employment as an Inspector, I have participated in hundreds of

investigations involving identity fraud, aggravated identity theft, mail fraud and wire fraud. In addition, I have been the Inspection Service's case agent on numerous investigations involving these offenses.

2. The facts set forth in this affidavit are based on my personal knowledge, knowledge obtained during my participation in this investigation, information from other individuals including other law enforcement officers, complainants, and other parties, witness interviews, and my review of documents, public records, USPIS records, and other sources. Because this declaration is submitted for the limited purpose of establishing probable cause in support of the application for a temporary restraining order, it does not set forth each and every fact that I learned during the course of this investigation.

SUSPICIOUS PAYMENTS TO TOLLFREEDEALS

3. In the course of this investigation, records were obtained from Wells Fargo Bank regarding an account held in the name of Ecommerce National LLC with a signer of Nicholas Palumbo. For the time period of May 28, 2019 through September 11, 2019, the account received nineteen cash deposits totaling \$130,250.00. These deposits occurred in locations across the United States, including in Minnesota, South Carolina, Florida, Alabama, and New Jersey. None of these cash deposits occurred in Arizona, the principle location of business for Ecommerce National.

4. Within days of receiving these cash deposits, Nicholas Palumbo would transfer the funds from the Wells Fargo Account, via wire transfers or checks maybe payable to Ecommerce National LLC, to two accounts held in the name of Ecommerce National LLC at JP Morgan Chase. The sixteen transactions totaled \$131,584.00.

5. Through my training and experience, I know that accounts known as “interstate funnel accounts” are one of the most efficient means for criminal organizations to rapidly move illicit proceeds within the U.S. and abroad. Based on my training as a federal law enforcement officer and fraud investigator, I know that funnel accounts offer the rapid movement of money across great distances with minimal fees and the anonymity of the depositors, since the deposits are usually under the reporting thresholds. Analysis of Bank Secrecy Act (BSA) reporting has identified that the following account activity is often associated with funnel accounts:

- out-of-state, anonymous cash deposits in multiple states;
- rapid cash withdrawals for amounts similar to cash deposits;
- use of counter deposit slips;
- individual deposits and withdrawals intentionally under \$10,000 (structuring);
- limited account credits besides cash deposits (i.e., no payroll, wire transfers);
- no legitimate business purpose evident;
- and deposit activity greater than expected income.

Based on my training and experience, it appears that TollFreeDeals is utilizing the Wells Fargo bank account as a funnel account to receive fraud proceeds from co-conspirators.

NEW YORK VICTIMS OF DEFENDANTS' FRAUDULENT ROBOCALLING CONSPIRACIES

6. On January 16, 2020, I interviewed victim J.K., an 84-year-old man who is a former member of the United States Marine Corps and who resides in Belle Harbor, New York. J.K. was the victim of a social security imposter scam. J.K. received a message on his cellular telephone on May 23, 2019, concerning his social security number. J.K. called back the phone number left in the message, 512-XXX-XXXX, and spoke with an individual who stated that he

was from the U.S. Marshals Service and that a warrant had been issued for J.K.'s arrest. He then transferred J.K. to a man named who claimed his name was "David" and that he was an employee with the Social Security Administration ("SSA"). David told him that a car had been rented in Houston, Texas using J.K.'s personal information, including his social security number, and that the car was found by local police with evidence of drugs and money laundering. J.K. was told there was a warrant for his arrest based on this activity.

7. David told J.K. he would help J.K. to straighten this situation out, and that J.K. needed to protect his bank accounts from forfeiture and that the government was going to seize his funds due to the criminal activity. David asked J.K. about his bank accounts, and directed J.K. to wire transfer all of the money out of his account to an account number David provided. David informed J.K. that his money was being wired to the U.S. Marshals Service, who would provide his money back to him at a later date after the situation with the warrant was cleared up. J.K. proceeded to transfer \$9,800.00 from his bank account to the account provided by David. J.K. spent several hours on the phone during this interaction. J.K. became suspicious after he wired the money, told David he would not be sending any more, and ended the phone call.

8. J.K. then received a call from an individual claiming to be with the warrant squad of the New York City Police Department (NYPD). The individual claiming to be from the NYPD told J.K. that in order to get the warrant lifted, J.K. needed to call David back. J.K. received several more calls, but he did not answer them. J.K. contacted his bank in an attempt to stop the wire transfer, and was told that the money had already been removed from the account to which it was sent.

9. I reviewed call detail records obtained from TollFreeDeals, and confirmed that multiple calls were made to J.K.'s cell phone on May 23, 2019. All of the calls spoofed the main

SSA toll-free customer service number, and were all sent to TollFreeDeals by the same India-based VoIP carrier.

10. On January 16, 2020, I spoke with C.E., who was a victim of an SSA impersonation scam. C.E. is a 36-year-old man who recently received U.S. citizenship and resides in Brooklyn, New York. C.E. received a telephone call on June 6, 2019, from a man who claimed his name was “George” and that he was from SSA. George told C.E. that SSA was investigating his name and social security number being used in connection with money laundering. George told C.E. that there was a warrant out for his arrest, and George already knew C.E.’s social security number. George told C.E. that the next step he needed to take to protect himself was to file a report with a police officer. George then connected C.E.’s phone call with a man claiming to be a police officer.

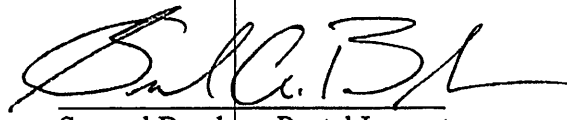
11. The police officer told C.E. that he had to secure his bank accounts by moving the money out of his accounts, so the money wouldn’t be seized. The police officer instructed C.E. to go to Best Buy and purchase gift cards using his debit card to remove the money from his bank account. C.E., who was working as a driver for Uber, then drove to a Best Buy in Queens, New York, where he purchased two Hotels.com gift cards with a combined value of \$700.00. He then provided the gift card numbers to the man on the phone. The man on the phone then requested more money, but C.E. didn’t have any more money in his bank accounts. After he got off the phone, C.E. realized he had been scammed, and he filed a police report and a complaint with the Federal Trade Commission (“FTC”). C.E. stated that he received another call from the same people later that day, and the caller told him that they would be coming to his apartment to provide him with his new social security number.

12. I reviewed call detail records obtained from TollFreeDeals, and confirmed that a call to C.E.'s phone lasting almost two hours was sent through TollFreeDeals on June 6, 2019, from India-based VoIP carrier Company A.

13. I have also reviewed a complaint filed with the Federal Trade Commission by L.U., a man in his forties who resides in Roosevelt, New York, in Nassau County. L.U. reported to the FTC that he received a call on June 5, 2019, from 877-382-4357. That is the phone number of the FTC's Consumer Response Center. On the FTC's website, FTC states that while they receive inbound calls at that number, FTC does not make outbound calls from that number. L.U. reported that the person who called him posed as the SSA, and informed L.U. that his social security number was going to be suspended due to criminal activity if he did not provide his personal information. L.U. reported that he lost \$2,200.00 as a result of this SSA imposter scam.

14. I have reviewed call detail records obtained from TollFreeDeals, and confirmed that two calls were sent from Company A through TollFreeDeals to L.U.'s phone number on June 5, 2019. Both calls spoofed FTC's Consumer Response Center as the source number.

Pursuant to 28 U.S.C. § 1746, I hereby declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief. Executed on January 27, 2020, in Phoenix, Arizona.


Samuel Bracken, Postal Inspector
United States Postal Inspection Service